

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name VILLAGE OF DEXTER DDA	County WASHTENAW
Audit Date 2/29/04	Opinion Date 8/2/04	Date Accountant Report Submitted to State: 8/23/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, PLLC			
Street Address ONE SOUTH MONROE STREET		City MONROE	State MI
Accountant Signature <i>Cooley Hehl Wohlgamuth & Carlton</i>		ZIP 48161	

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

ANNUAL FINANCIAL REPORT

February 29, 2004

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

ANNUAL FINANCIAL REPORT

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Independent Auditor's Report

Board of Directors
Downtown Development Authority
Village of Dexter, Michigan

We have audited the accompanying general purpose financial statements of the Downtown Development Authority, a component unit of the Village of Dexter, Michigan, as of and for the year ended February 29, 2004. These financial statements are the responsibility of the Downtown Development Authority management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the general purpose financial statements present only the Downtown Development Authority and are not intended to present fairly the financial position of the Village of Dexter, Michigan and results of its operations in conformity with generally accepted accounting principles.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Downtown Development Authority, a component unit of the Village of Dexter, Michigan, as of February 29, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedule listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Village of Dexter Downtown Development Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Cooley Hehl Wohlgamuth + Carlton

August 2, 2004

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

COMBINING BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
February 29, 2004

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS</u>				
Cash	\$531	\$0	\$148,446	\$386,612
Due from other governments	0	0	245,857	0
Amount in debt service fund	0	0	0	0
Amount to be provided for retirement of general long-term debt	0	0	0	0
Total Assets	<u>\$531</u>	<u>\$0</u>	<u>\$394,303</u>	<u>\$386,612</u>
<u>LIABILITIES</u>				
Accounts payable	\$0	\$0	\$0	\$109,976
Loan payable	0	0	0	0
Bonds payable	0	0	0	0
Due to other governments	0	0	39,865	0
Total Liabilities	0	0	39,865	109,976
<u>FUND EQUITY</u>				
Fund Balance				
Reserved for debt service	0	0	354,438	0
Reserved for capital projects	0	0	0	276,636
Unreserved	531	0	0	0
Total Fund Balance	<u>531</u>	<u>0</u>	<u>354,438</u>	<u>276,636</u>
Total Liabilities and Fund Equity	<u>\$531</u>	<u>\$0</u>	<u>\$394,303</u>	<u>\$386,612</u>

(See Accompanying Notes to Financial Statements)

Account Group	
General	Totals
Long-Term	(Memorandum
Debt	Only)
\$0	\$535,589
0	245,857
354,438	354,438
1,010,562	1,010,562
<u>\$1,365,000</u>	<u>\$2,146,446</u>
\$0	\$109,976
315,000	315,000
1,050,000	1,050,000
0	39,865
1,365,000	1,514,841
0	354,438
0	276,636
0	531
0	631,605
<u>\$1,365,000</u>	<u>\$2,146,446</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES

For the Fiscal Year Ended February 29, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>REVENUES</u>			
Taxes	\$0	\$0	\$311,818
Interest income	<u>0</u>	<u>143</u>	<u>0</u>
Total Revenues	0	143	311,818
<u>EXPENDITURES</u>			
Legal and auditing	3,300	0	0
Construction projects	0	0	0
Other expenses	0	0	0
Debt service	<u>0</u>	<u>20,000</u>	<u>170,852</u>
Total Expenditures	<u>3,300</u>	<u>20,000</u>	<u>170,852</u>
Excess (Deficiencies) of Revenues over Expenditures	(3,300)	(19,857)	140,966
Other Financing Sources (Uses)			
Operating transfers in	3,300	0	37,221
Operating transfers out	<u>0</u>	<u>(7,240)</u>	<u>(223,281)</u>
Total Other Financing Sources (Uses)	<u>3,300</u>	<u>(7,240)</u>	<u>(186,060)</u>
Excess (Deficiencies) of Revenues and Other Sources over Expenditures and Other Uses	0	(27,097)	(45,094)
Fund Balances - Beginning of Year	<u>531</u>	<u>27,097</u>	<u>399,532</u>
Fund Balances - End of Year	<u><u>\$531</u></u>	<u><u>\$0</u></u>	<u><u>\$354,438</u></u>

(See Accompanying Notes to Financial Statements)

Capital Projects	Totals (Memorandum Only)
\$0	\$311,818
10,494	10,637
10,494	322,455
0	3,300
643,149	643,149
0	0
0	190,852
643,149	837,301
(632,655)	(514,846)
280,000	320,521
(90,000)	(320,521)
190,000	0
(442,655)	(514,846)
719,291	1,146,451
\$276,636	\$631,605

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES

For the Fiscal Year Ended February 29, 2004

	General Fund		
	Budget	Actual	Variance Favorable/ (Unfavorable)
<u>REVENUES</u>			
Taxes	\$0	\$0	\$0
Grants	0	0	0
Interest income	0	0	0
Total Revenues	0	0	0
<u>EXPENDITURES</u>			
Legal and auditing	3,500	3,300	200
Project expenses	0	0	0
Other expenses	200	0	200
Debt service	0	0	0
Total Expenditures	3,700	3,300	400
Excess (Deficiencies) of Revenues over Expenditures	(3,700)	(3,300)	400
Other Financing Sources (Uses)			
Operating transfers in	4,000	3,300	(700)
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	4,000	3,300	(700)
Excess (Deficiencies) of Revenues and Other Sources over Expenditures and Other Uses	300	0	(300)
Fund Balances - Beginning of Year	531	531	0
Fund Balances - End of Year	\$831	\$531	(\$300)

(See Accompanying Notes to Financial Statements)

Special Revenue Fund			Debt Service Fund		
Budget	Actual	Variance Favorable/ (Unfavorable)	Budget	Actual	Variance Favorable/ (Unfavorable)
\$0	\$0	\$0	\$285,000	\$311,818	\$26,818
0	0	0	0	0	0
500	143	(357)	0	0	0
500	143	(357)	285,000	311,818	26,818
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	20,000	(20,000)	168,758	170,852	(2,094)
0	20,000	(20,000)	168,758	170,852	(2,094)
500	(19,857)	(20,357)	116,242	140,966	24,724
0	0	0	29,981	37,221	7,240
0	(7,240)	(7,240)	(204,981)	(223,281)	(18,300)
0	(7,240)	(7,240)	(175,000)	(186,060)	(11,060)
500	(27,097)	(27,597)	(58,758)	(45,094)	13,664
27,100	27,097	(3)	414,905	399,532	(15,373)
\$27,600	\$0	(\$27,600)	\$356,147	\$354,438	(\$1,709)

Capital Projects Fund		
Budget	Actual	Variance Favorable/ (Unfavorable)
\$0	\$0	\$0
219,000	0	(219,000)
10,000	10,494	494
229,000	10,494	(218,506)
0	0	0
1,080,000	643,149	436,851
0	0	0
0	0	0
1,080,000	643,149	436,851
(851,000)	(632,655)	218,345
171,000	280,000	109,000
0	(90,000)	(90,000)
171,000	190,000	19,000
(680,000)	(442,655)	237,345
705,000	719,291	14,291
\$25,000	\$276,636	\$251,636

NOTES TO FINANCIAL STATEMENTS
February 29, 2004

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

The Downtown Development Authority (DDA) is a separate legal entity but is a component unit of the Village of Dexter for financial reporting purposes.

For financial reporting purposes the DDA includes all funds, account group and authorities that are controlled by or dependent on the DDA. The accounting policies of the DDA conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Fund Accounting

The accounts of the DDA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and one broad fund category as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the DDA. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for acquisition or construction of major capital projects.

C. Basis of Accounting

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

D. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

NOTES TO FINANCIAL STATEMENTS
February 29, 2004

Note 1 Summary of Significant Accounting Policies (Concluded)

E. Budgets and Budgetary Accounting

The DDA follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The DDA Board is submitted a proposed operating budget for the fiscal year commencing the following March 1. The operating budget includes proposed expenditures and the means of financing them. Unexpended appropriations lapse at year end.
2. The budget is reviewed and discussed at a public meeting.
3. The budget is legally enacted through a passage of a motion.
4. The DDA budget is submitted to the Village Council for review and adoption as a component of the overall Village budget.
5. Any revisions to the budget must be approved by the DDA Board.
6. Budget amounts are as originally adopted, or as amended by the DDA Board.
7. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

F. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 Deposits

Statutes authorize the DDA to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the DDA may not be deposited in financial institutions located in states other than Michigan.

The DDA has authorized TCF National Bank as the depository.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash. The following is a summary of these deposits:

Carrying value of the DDA's total deposits	<u>\$535,589</u>
Bank balance of the DDA's deposits	542,104
Amount covered by FDIC	<u>100,000</u>
In uninsured and uncollateralized accounts	<u>\$442,104</u>

NOTES TO FINANCIAL STATEMENTS
February 29, 2004

Note 3 Tax Increment Financing

Tax increment revenues for the DDA result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions which levy taxes in the development area to captured assessed value. The DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District. For the year ending February 29, 2004 the captured assessed value was \$9,686,381. The following is a summary of the tax increment revenues for the year ending February 29, 2004 adjusted for agreements with the taxing units:

	Adjusted <u>Millage</u>	<u>Amount</u>
Village of Dexter	13.1450	\$120,166
Scio Township	0.9677	9,280
Dexter Schools (non-homestead only)	18.0000	101,661
Washtenaw County	2.7909	26,742
Washtenaw Intermediate School	1.7415	16,701
Washtenaw Community College	3.4343	32,936
Dexter District Library	0.4517	4,332
Total	<u>40.5311</u>	<u>\$311,818</u>

Note 4 Long-Term Debt

Total Due

Loan Payable - Village of Dexter

On February 9, 1995, a loan of \$135,000 was acquired by the DDA to finance downtown improvement projects. On February 2, 1998 an additional \$180,000 was added to the loan. The entire amount of principal and interest is due and payable on or before January 31, 2015. Interest increased 2% and will accrue at the rate of 3%.

\$ 315,000

1994 Village of Dexter Bonds

On November 1, 1994 the Village of Dexter issued General Obligation, Limited Tax Bonds on behalf of the DDA in the amount of \$255,000 to finance downtown improvement projects. The principal and interest amounts are due over 15 years starting May 1, 1995 through May 1, 2009. The interest rates range from 6.0% to 7.1%.

175,000

2001 Village of Dexter Bonds

On December 1, 2001 the Village of Dexter issued General Obligation, Limited Tax Bonds on behalf of the DDA in the amount of \$900,000 to finance downtown improvement projects. The principal and interest amounts are due over 19 years starting May 1, 2002 through May 1, 2020. The interest rates range from 4.5% to 7.0%.

875,000
\$1,365,000

Following is a summary of changes in long-term debt:

	Balance <u>Feb. 28, 2003</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>Feb. 29, 2004</u>
Loans Payable:				
Great Lakes Bancorp	\$ 69,829	\$ -	\$ 69,829	\$ -
Village of Dexter	315,000	-	-	315,000
Village of Dexter	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
	404,829	-	89,829	315,000
General Obligation Bonds:				
1994 Village Bonds	195,000	-	20,000	175,000
2001 Village Bonds	<u>890,000</u>	<u>-</u>	<u>15,000</u>	<u>875,000</u>
	<u>1,085,000</u>	<u>-</u>	<u>35,000</u>	<u>1,050,000</u>
Total DDA Debt	<u>\$1,489,829</u>	<u>\$ -</u>	<u>\$124,829</u>	<u>\$1,365,000</u>

NOTES TO FINANCIAL STATEMENTS
February 29, 2004

Note 4 Long-Term Debt (Continued)

The annual requirements to pay principal and interest on long-term debt outstanding at February 29, 2004 are as follows:

<u>Year Ending</u> <u>February 28,</u>	<u>Total</u> <u>Requirements</u>
2005	\$ 96,625
2006	108,338
2007	104,500
2008	110,606
2009	111,673
2010 and thereafter	<u>1,504,530</u>
	<u>\$2,036,272</u>

The annual payments on the 1994 Village of Dexter Bonds maturing May 1 (principal and interest) and November 1 (interest) are as follows:

<u>Year Ending</u> <u>February 28,</u>	<u>Interest Due</u>		<u>Principal</u>	<u>Total</u>
	<u>May 1</u>	<u>Nov 1</u>	<u>May 1</u>	<u>Requirements</u>
2005	\$ 6,122	\$ 5,273	\$ 25,000	\$ 36,395
2006	5,273	4,410	25,000	34,683
2007	4,410	3,535	25,000	32,945
2008	3,535	2,485	30,000	36,020
2009	2,485	1,420	30,000	33,905
2010	<u>1,420</u>	<u>-</u>	<u>40,000</u>	<u>41,420</u>
	<u>\$23,245</u>	<u>\$17,123</u>	<u>\$175,000</u>	<u>\$215,368</u>

The annual payments on the 2001 Village of Dexter Bonds maturing May 1 (principal and interest) and November 1 (interest) are as follows:

<u>Year Ending</u> <u>February 28,</u>	<u>Interest Due</u>		<u>Principal</u>	<u>Total</u>
	<u>May 1</u>	<u>Nov 1</u>	<u>May 1</u>	<u>Requirements</u>
2005	\$ 22,878	\$ 22,352	\$ 15,000	\$ 60,230
2006	22,352	21,303	30,000	73,655
2007	21,303	20,252	30,000	71,555
2008	20,252	19,334	35,000	74,586
2009	19,334	18,434	40,000	77,768
2010	18,434	17,533	40,000	75,967
2011	17,533	16,499	45,000	79,032
2012	16,499	15,324	50,000	81,823
2013	15,324	14,003	55,000	84,327
2014	14,003	12,657	55,000	81,660
2015	12,657	11,118	60,000	83,775
2016	11,118	9,453	65,000	85,571
2017	9,453	7,660	70,000	87,113
2018	7,660	5,778	70,000	83,438
2019	5,778	3,897	70,000	79,675
2020	3,897	2,016	70,000	75,913
2021	<u>2,016</u>	<u>-</u>	<u>75,000</u>	<u>77,016</u>
	<u>\$240,491</u>	<u>\$217,613</u>	<u>\$875,000</u>	<u>\$1,333,104</u>

DEBT SERVICE FUNDS

Debt Service Fund - to account for the collection of tax-increment financing revenues used for the payment of various debt obligations.

Loan Reserve Fund - to account for monies set aside to fund the repayment of the debt owed to the Village of Dexter.

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

February 29, 2004

	Debt Service Fund	Loan Reserve Fund	Totals
<u>ASSETS</u>			
Cash	(\$31,440)	\$179,886	\$148,446
Due from other governments	245,857	0	245,857
Total Assets	<u>\$214,417</u>	<u>\$179,886</u>	<u>\$394,303</u>
<u>LIABILITIES</u>			
Due to other governments	<u>\$39,865</u>	<u>\$0</u>	<u>\$39,865</u>
Total Liabilities	39,865	0	39,865
<u>FUND BALANCES</u>			
Reserved for debt service	<u>174,552</u>	<u>179,886</u>	<u>354,438</u>
Total Liabilities and Fund Balance	<u>\$214,417</u>	<u>\$179,886</u>	<u>\$394,303</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended February 29, 2004

	Debt Service Fund	Loan Reserve Fund	Totals
<u>REVENUES</u>			
Taxes	\$311,818	\$0	\$311,818
Total Revenues	311,818	0	311,818
<u>EXPENDITURES</u>			
Debt service	170,852	0	170,852
Total Expenditures	170,852	0	170,852
Excess (Deficiencies) of Revenues over Expenditures	140,966	0	140,966
Other Financing Sources (Uses)			
Operating transfers in	7,240	29,981	37,221
Operating transfers out	(223,281)	0	(223,281)
Total Other Financing Sources (Uses)	(216,041)	29,981	(186,060)
Excess (Deficiencies) of Revenues and Other Sources over Expenditures and Other Uses	(75,075)	29,981	(45,094)
Fund Balances - Beginning of Year	249,627	149,905	399,532
Fund Balances - End of Year	<u>\$174,552</u>	<u>\$179,886</u>	<u>\$354,438</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

11

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
<u>REVENUES</u>			
Taxes	\$285,000	\$311,818	\$26,818
Total Revenues	285,000	311,818	26,818
<u>EXPENDITURES</u>			
Great Lakes Bancorp loan			
Principal	69,829	69,829	0
Interest and fees	4,034	4,088	(54)
	73,863	73,917	(54)
1994 General Obligation bonds			
Principal	20,000	20,000	0
Interest and fees	13,215	13,385	(170)
	33,215	33,385	(170)
2001 General Obligation bonds			
Principal	15,000	15,000	0
Interest and fees	46,680	46,550	130
	61,680	61,550	130
Village of Dexter Escrow Loan			
Interest and fees	0	2,000	(2,000)
Total Expenditures	168,758	170,852	(2,094)
Excess (Deficiencies) of Revenues over Expenditures	116,242	140,966	24,724
Other Financing Sources (Uses)			
Operating transfers in	0	7,240	7,240
Operating transfers out	(204,981)	(223,281)	(18,300)
Total Other Financing Sources(Uses)	(204,981)	(216,041)	(11,060)
Excess (Deficiencies) of Revenues and Other Sources over Expenditures and Other Uses	(88,739)	(75,075)	13,664
Fund Balances - Beginning of Year	265,000	249,627	(15,373)
Fund Balances - End of Year	\$176,261	\$174,552	(\$1,709)

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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LOAN RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues	\$0	\$0	\$0
Expenditures	0	0	0
Excess (Deficiencies) of Revenues over Expenditures	0	0	0
Other Financing Sources (Uses) Operating transfers in	29,981	29,981	0
Excess (Deficiencies) of Revenues and Other Sources over Expenditures	29,981	29,981	0
Fund Balances - Beginning of Year	149,905	149,905	0
Fund Balances - End of Year	\$179,886	\$179,886	\$0

CAPITAL PROJECTS FUNDS

Projects Fund - to account for monies used for financing various projects in the DDA district.

\$900,000 Projects Fund - to account for monies from the 2001 bond issue used for financing various projects in the DDA district.

CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

February 29, 2004

	Projects Fund	\$900,000 Projects Fund	Totals
<u>ASSETS</u>			
Cash	\$63,118	\$323,494	\$386,612
Total Assets	\$63,118	\$323,494	\$386,612
<u>LIABILITIES</u>			
Accounts payable	\$6,797	\$103,179	\$109,976
Total Liabilities	6,797	103,179	109,976
<u>FUND BALANCES</u>			
Reserved for capital projects	56,321	220,315	276,636
Total Liabilities and Fund Balance	\$63,118	\$323,494	\$386,612

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended February 29, 2004

	Projects Fund	\$900,000 Projects Fund	Totals
	<hr/>	<hr/>	<hr/>
<u>REVENUES</u>			
Interest income	\$0	\$10,494	\$10,494
	<hr/>	<hr/>	<hr/>
Total Revenues	0	10,494	10,494
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Project expenses	76,335	566,814	643,149
	<hr/>	<hr/>	<hr/>
Total Expenditures	76,335	566,814	643,149
	<hr/>	<hr/>	<hr/>
Excess (Deficiencies) of Revenues over Expenditures	(76,335)	(556,320)	(632,655)
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses)			
Operating transfers in	0	280,000	280,000
Operating transfers out	(90,000)	0	(90,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources(Uses)	(90,000)	280,000	190,000
	<hr/>	<hr/>	<hr/>
Excess (Deficiencies) of Revenues and Other Sources over Expenditures	(166,335)	(276,320)	(442,655)
	<hr/>	<hr/>	<hr/>
Fund Balances - Beginning of Year	222,656	496,635	719,291
	<hr/>	<hr/>	<hr/>
Fund Balances - End of Year	\$56,321	\$220,315	\$276,636
	<hr/>	<hr/>	<hr/>

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
<u>REVENUES</u>			
Interest income	\$0	\$0	\$0
Total Revenues	0	0	0
<u>EXPENDITURES</u>			
Project expenses			
Alpine street	325,000	0	325,000
Downtown parking study	0	16,413	(16,413)
Downtown operations & maintenance	35,000	31,449	3,551
Masonic Lodge parking lot	0	5,300	(5,300)
Monument park project	0	10,929	(10,929)
Project management & planning	20,000	12,244	7,756
Total Expenditures	380,000	76,335	303,665
Excess (Deficiencies) of Revenues over Expenditures	(380,000)	(76,335)	303,665
Other Financing Sources (Uses)			
Operating transfers in	171,000	0	(171,000)
Operating transfers out	0	(90,000)	(90,000)
Total Other Financing Sources (Uses)	171,000	(90,000)	(261,000)
Excess (Deficiencies) of Revenues and Other Sources over Expenditures	(209,000)	(166,335)	42,665
Fund Balances - Beginning of Year	210,000	222,656	12,656
Fund Balances - End of Year	<u>\$1,000</u>	<u>\$56,321</u>	<u>\$55,321</u>

DOWNTOWN DEVELOPMENT AUTHORITY
Village of Dexter, Michigan

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\$900,000 PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
<u>REVENUES</u>			
Grants	\$219,000	\$0	(\$219,000)
Interest income	10,000	10,494	494
Total Revenues	229,000	10,494	(218,506)
<u>EXPENDITURES</u>			
Project expenses			
Forest parking lot	495,240	539,512	(44,272)
Alpine street	204,760	27,302	177,458
Total Expenditures	700,000	566,814	133,186
Excess (Deficiencies) of Revenues over Expenditures	(471,000)	(556,320)	(85,320)
Other Financing Sources (Uses)			
Operating transfers in	0	280,000	280,000
Excess (Deficiencies) of Revenues and Other Sources over Expenditures	(471,000)	(276,320)	194,680
Fund Balances - Beginning of Year	495,000	496,635	1,635
Fund Balances - End of Year	<u>\$24,000</u>	<u>\$220,315</u>	<u>\$196,315</u>



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Board of Directors
Downtown Development Authority
Village of Dexter, Michigan

Our audit of the financial statements of the Downtown Development Authority, a component unit of the Village of Dexter, Michigan, for the fiscal year ended February 29, 2004, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures, and accounting records are adequate to allow us to express an opinion on the financial statements of the Authority.

Refund of Excess Capture

The DDA needs to refund the following excess capture to the following units of government:

Washtenaw County	\$26,765.91
Washtenaw ISD	12,599.07
Scio Township	499.48

New Reporting Model

Effective June 1999, new financial reporting requirements were established by GASB Statement No. 34. The DDA is required to implement these changes for the fiscal year beginning March 1, 2004. The DDA financial statements will require substantial revision and a new section of the report entitled "Management's Discussion and Analysis" that will need to be prepared by the DDA's management.

We wish to express our appreciation for the cooperation and courtesy extended to us by the Board of the Authority. We would be pleased to discuss any of these recommendations with you, and to provide any assistance that you may require in their implementation.

Very truly yours,

August 2, 2004